

## Message Text

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15/63

ORIGIN EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 L-03 CIAE-00 INR-07

NSAE-00 EB-07 COME-00 OMB-01 TRSE-00 FRB-03 H-02

STR-04 FCSC-01 INRE-00 NSCE-00 SSO-00 TAR-01 /064 R

66620

DRAFTED BY:EUR/EE:DNMILLER/CUSTOMS:LSELIGMAN:CENSUS:DROBISON

APPROVED BY:EUR:JAARMITAGE

EB/OMA:RRYAN

COMMERCE/BEWT:MR DOWNEY (INFO)

COMM/BEWT/TAD:DBOWIE (INFO)

TREAS:SLYON (INFO)

CUSTOMS:SCARAMAGNO

EUR/EE:NGANDREWS

----- 028295

O 022055Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST IMMEDIATE

LIMITED OFFICIAL USE STATE 127938

C O R R E C T E D C O P Y - MISSING LINE PARA FIVE

E.O. 11652: N/A

TAGS: EFIN, HU, US

SUBJECT: HUNGARIAN CLAIMS AGREEMENT ASSESSMENT

REF: BUDAPEST 1567 AND 1622

1. UNLESS EMBASSY OBJECTS, REQUEST A NOTE WITH THE FOLLOW-  
ING BODY BE DELIVERED AS THE REPLY TO THE MFA MAY 23 NOTE:  
QUOTE: THE F.O.B. VALUE OF DOLLAR IMPORTS INTO THE U.S.  
FROM HUNGARY, AS TAKEN FROM THE OFFICIAL PUBLICATION OF THE  
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UNITED STATES DEPARTMENT OF COMMERCE (THAT IS FT 990,  
"U.S. FOREIGN TRADE, HIGHLIGHTS OF EXPORTS AND IMPORTS"),  
IS CALCULATED IN THE SAME MANNER AS PREVIOUS TO THE AGREE-  
MENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND THE HUNGARIAN PEOPLE'S REPUBLIC REGARDING THE SETTLEMENT OF CLAIMS, CONCLUDED IN WASHINGTON MARCH 6, 1973.

2. ALL ARTICLES ENTERED INTO THE CUSTOMS TERRITORY OF THE U.S. ARE SUBJECT TO DUTY UNLESS SPECIFICALLY EXEMPT. INTANGIBLES, DEFINED IN PERTINENT PART BY GENERAL HEADNOTE

5 (B), TARIFF SCHEDULES OF THE UNITED STATES (TSUS), AS INCLUDING "CURRENCY (METAL OR PAPER) IN CURRENT CIRCULATION IN ANY COUNTRY AND IMPORTED FOR MONETARY PURPOSES," ARE NOT "ARTICLES" WITHIN THE MEANING OF THE TSUS AND, THEREFORE, ARE EXEMPT FROM BOTH THE PROVISIONS OF THE TSUS AND THE ENTRY REQUIREMENTS OF 19 CODE OF FEDERAL REGULATIONS 141.4.

3. IT HAS BEEN THE CONSISTENT POSITION OF THE GOVERNMENT OF THE UNITED STATES THAT GOLD COINS SUCH AS THOSE IN QUESTION ARE NOT WITHIN THE MEANING OF THE TERM "CURRENCY", AS SET FORTH IN THE ABOVE-CITED GENERAL HEAD NOTE AND, THEREFORE, ARE NOT INTANGIBLES EXEMPT FROM EITHER THE

APPLICATION OF THE APPROPRIATE TSUS PROVISIONS OR THE ENTRY REQUIREMENTS OF 19 CODE OF FEDERAL REGULATIONS 141.4

4. THE GOLD COINS AT ISSUE ARE PROPERLY CLASSIFIABLE UNDER THE PROVISION FOR METAL COINS IN ITEM 653.22, TSUS, AND, AS SUCH, ARE ENTITLED TO DUTY-FREE TREATMENT IRRESPECTIVE OF COUNTRY OF ORIGIN. THE COMPETING STATISTICAL BREAKOUTS OF 653.22 ARE: (A) "20...GOLD COINS EXCEPT NUMISMATIC," AND (B) "60...OTHERS." FROM THE INFORMATION PRESENTLY BEFORE THE U.S. CUSTOMS SERVICE, IT IS APPARENT THAT THE GOLD COINS AT ISSUE, NOT BEING "CURRENCY", MUST BE OF NUMISMATIC INTEREST AND IMPORTED FOR THAT PURPOSE; THEREFORE, THE PROPER STATISTICAL SUFFIX TO BE APPLIED TO THESE GOLD COINS IS "60."

5. THAT THE COUNTRY OF ORIGIN OF THESE GOLD COINS IS LIMITED OFFICIAL USE  
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HUNGARY MUST BE ASSUMED FROM THE INFORMATION BEFORE US AT THIS TIME. GOLD BULLION IN THE FORM OF PLANCHETS IS SHIPPED TO BUDAPEST AND THERE STAMPED. THE GOLD BULLION AND/OR PLANCHETS HAVING UNDERGONE A SUBSTANTIAL TRANSFORMATION, THE GOLD COINS CONSTITUTE A NEW ARTICLE OF COMMERCE AND ARE A PRODUCT OF HUNGARY.

6. FOR PURPOSES OF ADMINISTERING THE CUSTOMS LAW OF THE UNITED STATES, THE VALUE OF THESE GOLD COINS ENTERED INTO THE CUSTOMS TERRITORY OF THE UNITED STATES IS ASCERTAINED ACCORDING TO THE PROVISION 19 USC 1401A (1), PURSUANT TO WHICH "COUNTRIES OF EXPORTATION" MUST BE DETER-

MINED. SINCE THE GOLD COINS AT ISSUE ARE APPARENTLY  
SHIPPED DIRECTLY FROM HUNGARY TO THE U.S., THERE IS NO

QUESTION THAT HUNGARY MUST BE THE "COUNTRY OF EXPORTATION."  
EVEN SHOULD THE COINS HAVE BEEN TRANSSHIPPED THROUGH A  
THIRD COUNTRY, THERE IS NO EVIDENCE BEFORE THE U.S. CUSTOMS  
SERVICE THAT THE COINS ACTUALLY ENTER THE COMMERCE OF ANY  
OTHER COUNTRY DURING THE COURSE OF THEIR SHIPMENT; THERE-  
FORE, FOR PURPOSES OF THIS PROVISION, HUNGARY IS THE  
"COUNTRY OF EXPORTATION." FOR U.S. CUSTOMS PURPOSES THE  
COUNTRY OF ORIGIN AND THE COUNTRY OF EXPORTATION, AND NOT  
OWNERSHIP, ARE DETERMINATIVE. THE ENTIRE VALUE OF OUR IM-  
PORT IS ATTRIBUTED TO THE COUNTRY OF EXPORTATION.

7. THE TREATMENT ACCORDED TO, AND THE INFORMATION COM-  
PILED ON, THESE COINS IS, IN ALL RESPECTS, THE SAME AS  
ACCORDED TO, AND COMPILED ON, IMPORTATION OF GOLD COINS  
FROM OTHER COUNTRIES, AND IS UNCHANGED SINCE PREVIOUS TO  
THE AGREEMENT REGARDING THE SETTLEMENT OF CLAIMS.

8. THE GOVERNMENT OF THE UNITED STATES OF AMERICA HOPES  
THAT THIS INFORMATION CLARIFIES THE STATISTICS USED IN  
CONNECTION WITH ARTICLE IV OF THE AGREEMENT. END QUOTE.

9. IN PRESENTING THIS NOTE EMBASSY SHOULD, IN ADDITION TO  
CALLING ATTENTION TO ITS SUBSTANCE, UNDERSCORE THE FACT  
THAT THE ADDITIONAL AMOUNT DUE THIS YEAR IS AN ANTICI-  
PATION OF FUTURE PAYMENTS DUE UNDER THE CLAIMS AGREEMENT  
AND NOT REPEAT NOT AN INCREMENT TO THE TOTAL AMOUNT DUE  
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UNDER THE AGREEMENT.

10. WE WOULD APPRECIATE CABLED DATE AND NUMBER OF NOTE  
PRESENTED. INGERSOLL

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<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, CLAIMS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE127938  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:**  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
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**Office:** ORIGIN EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 JUN 2003 by ElyME>; APPROVED <14 OCT 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> wfs 971006  
**Subject:** n/a  
**TAGS:** EFIN, HU, US  
**To:** BUDAPEST  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006